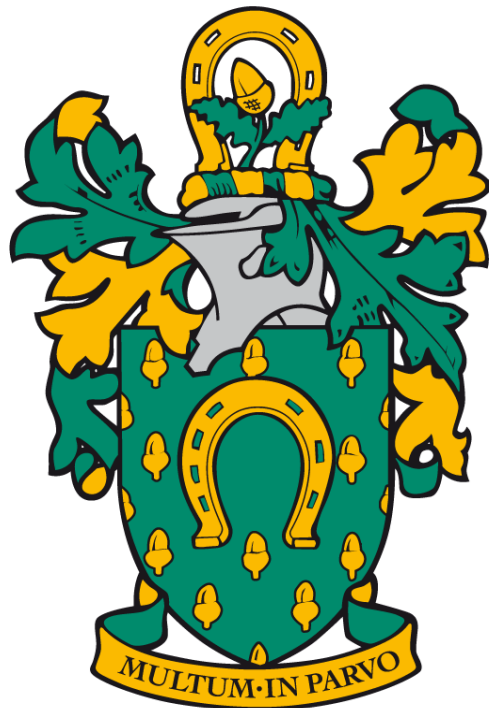


Rutland County Council



Statement of Accounts

2009/10

Subject to Audit

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Explanatory Foreword

INTRODUCTION

This foreword provides an easily understandable guide to the most significant matters reported in Rutland County Council's Statement of Accounts for the year ended 31st March 2010.

It gives a brief summary of the overall financial position of the Council, sets out how the Council's budget is spent and financed and explains the purpose of the financial statements contained within the Council's accounts.

CONTENTS OF THE STATEMENT OF ACCOUNTS

Income and Expenditure Account

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last financial year. It shows the income and expenditure for all the Council's services and various other items charged or credited to the Council's General Fund. It also illustrates how the net cost of services has been funded from government grants and income from local taxpayers.

Statement of Movement on the General Fund Balance

Shows the adjustments to the Income and Expenditure Account for statutory accounting requirements, to align with the accounting basis by which the Council set its council tax level.

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in net worth. In addition to the surplus generated on the income and expenditure account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits

Balance Sheet

Sets out the financial position of the Council on 31 March 2010. It incorporates all the funds of the Authority, both capital and revenue, with the exception of the Trust Fund. The Balance Sheet summarises in its top half all of the assets that the Council owns and the liabilities that it owes to others. The bottom half sets out how the net assets of the Council are allocated between usable resources, resources that have been set aside to finance capital expenditure, unrealised gains from increases in asset values and reserves needed to manage the complexities of local authority accounting.

Cash Flow Statement

Gives a summary of the movements of cash arising from transactions with third parties during the financial year. Internal transfers are thus excluded from this statement.

Housing Revenue Account Income and Expenditure Account

Details the income and expenditure specifically related to managing and maintaining the Council's housing stock.

Statement of Movement on the Housing Revenue Account Balance

Shows the adjustments to the Housing Revenue Account Income and Expenditure Account for statutory accounting requirements.

Collection Fund

Shows the transactions relating to the collection of Council Tax and Business Rates. It shows how this money is then distributed between Authorities providing services to the people and businesses within the County.

REVIEW OF 2009/10

In February 2009 the Council set out a medium-term financial plan (MTFP) that took into account assumptions on levels of council tax and government support, inflationary and demand led spending pressures and the impact of its capital programme over a 5 year period. The MTFP was set against the background of an economic recession with interest rates having fallen dramatically in the preceding few months and uncertainty over forecasts for the future and provided the basis against which the Council set its budget and council tax level for 2009/10.

Two major projects were under consideration at that time that would have a significant impact; a proposal to ballot tenants on the transfer of ownership of the housing stock to a registered social landlord, and the replacement of a secondary school with a new combined facility incorporating sport and community use.

Revenue

The approved revenue budget for 2009/10 showed net spending for Rutland of £27.9 million, financed from government support (£7.3 million), council tax (£20.2 million) and reserves of (£0.4 million), with Council Tax set at £1,403.84 for a Band D property.

Monitoring of the financial position during the year as part of the Council's overall performance management framework identified savings arising from the previous year outturn and reductions in spending to reflect the 2009 pay settlement that reduced planned spending by £0.5 million. In addition the number of Band D equivalent properties was greater than forecast generating extra income of a further £0.4 million. The combined effect of these changes was an increase of £0.56 million in the general fund balance during the year, bringing the total to £2.26 million at 31st March 2010.

Capital

Where expenditure is used to buy, build or improve an asset it is classified as capital expenditure. The introduction on 1st April 2004 of CIPFA's Prudential Code for Capital Finance in Local Authorities, together with changes to the Local Government Capital Finance Regulations, provides the Council with a range of options for financing capital expenditure.

The Government continues to provide support for borrowing through the formula based grant and housing subsidy mechanisms; however the Council is now able to undertake prudential borrowing if it is able to identify sufficient sustainable revenue resources to meet the costs of borrowing over the whole life of the loan. Capital expenditure may also be funded from capital grants and contributions, receipts from the disposal of assets and directly from revenue.

The approved capital programme showed planned spending of £55 million over 5 years, with £22 million in 2009/10 of which £14 million represented the secondary school replacement scheme. Capital expenditure is financed in the year in which it is incurred with £16 million to be met from grants and £6 million from borrowing.

Individual schemes that are included within the capital programme are subject to an assessment process to establish their priority and contribution to the Council's strategic aims and require specific approval before they are undertaken. The process resulted in some schemes being deferred and others not being completed within 2009/10.

The final position showed spending of £20.5 million, with £18 million financed from grants and £2.5 million from borrowing.

The ballot of tenants on the proposed transfer of ownership of the housing stock to a registered social landlord received a positive vote and was completed in November 2009. This generated a net capital receipt of 34.9 million that was applied to reduce the Council's capital financing requirement, generating ongoing annual revenue savings.

At 31st March 2010 the Council holds £9.4 million of grants and contributions and £0.8 million of capital receipts that are available to finance future capital spending in Rutland.

Pension

Employees of the Council may be members of one of two separate pension schemes:

- The Local Government Pension Scheme, administered by Leicestershire County Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council.

The Council's net pension liability for the Local Government Pension Scheme has increased from £15.4 million to £33.6 million in the year to 31st March 2010. There are two main elements that create this liability, the value of assets held by the pension fund, and the estimated future demands for pension payments. While the value of assets has increased by £12.9 million during the year, at the same time liabilities have increased by £31.1 million.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. The pension liability shown in the Balance Sheet therefore has no direct impact on the Council's revenue reserves. The next actuarial valuation of the pension fund will be made during the current financial year and this may result in an increase in the contributions to be made to the pension fund in future years.

FUTURE OUTLOOK

Following a period of uncertainty leading up to the general election in May 2010 the future outlook for public services is becoming clearer. The combination of the national economic climate and the new coalition agreement published by the Government provides evidence that significant reductions in public spending are likely over the next few years.

However Rutland County Council is well placed to meet the challenges this will impose. The Council's financial strategy in recent years, embedded within the MTFP, has resulted in good levels of reserves and sound financial management that will enable it to continue to support the needs of its residents and businesses when faced with potential reductions in resources.

FURTHER INFORMATION

Any enquiries about these accounts should be made to:

Director of Corporate Services, Rutland County Council, Oakham, Rutland, LE15 6HP

Or email: enquiries@rutland.gov.uk

Information on many of the Council's services and activities can also be located on our website: www.rutland.gov.uk

This Statement of Accounts was authorised for issue on 29 June 2010 by Mr M Baish, Director of Corporate Services. This is the date up to which events after the Balance Sheet date have been considered.

Statement of Accounting Policies

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2009/10 financial year and its position at the year-end of 31st March 2010. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date the supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowing or receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

3. PROVISIONS

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet.

Where all or some of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

4. RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the Statement of Movement on the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies below.

5. GOVERNMENT GRANTS AND CONTRIBUTIONS (REVENUE)

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received and the expenditure has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate.

6. RETIREMENT BENEFITS

Employees of the Council may be members of one of two separate pension schemes:

- The Local Government Pension Scheme, administered by Leicestershire County Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the Council.

However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme. No liability for future payments of benefits is recognised in the Balance Sheet and the service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Leicestershire County Council scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates, and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on the iBoxx Sterling Corporates Index, AA over 15 years).
- The assets of the Leicestershire County Council fund attributable to the Council are included in the Balance Sheet at their fair value in accordance with the valuation made by John Wright FFA, on behalf of Hymans Robertson LLP:

- Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pensions liability is analysed into seven components:
 - i. current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
 - ii. past service cost, the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Net Cost of Services in the Income and Expenditure Account as part of Non-distributed Costs.
 - iii. interest cost, the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to Net Operating Expenditure in the Income and Expenditure Account.
 - iv. expected return on assets, the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return, credited to Net Operating Expenditure in the Income and Expenditure Account.
 - v. gains/losses on settlements and curtailments, the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited to the Net Cost of Services in the Income and Expenditure Account as part of Non-distributed Costs.
 - vi. actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, debited to the Statement of Total Recognised Gains and Losses.
 - vii. contributions paid to the Leicestershire County Council pension fund, cash paid as employer's contributions to the pension fund

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund during the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. VALUE ADDED TAX (VAT)

Income excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs. Expenditure excludes any amounts related to VAT except where this is not recoverable from them.

8. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2009*. The total absorption costing principle is used, the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core, costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-distributed Costs, the cost of discretionary benefits awarded to employees retiring early and impairments on surplus assets.

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

9. INTANGIBLE FIXED ASSETS

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the asset to reflect the pattern of consumption of benefits.

10. TANGIBLE FIXED ASSETS

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one year. Where the expenditure enhances the use and/or life of the asset but does not increase the asset's value the expenditure is treated as an impairment. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement: assets initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Council dwellings: net realisable value in existing use.
- Garages: net realisable value in existing use
- Schools: depreciated replacement cost.
- Other land and operational buildings: net realisable value in existing use.
- Plant and equipment: depreciated historical cost.
- Investment properties and assets surplus to requirements: market value
- Infrastructure assets: depreciated historical cost.
- Community assets: valued at £1 each as assets that the Council is likely to keep in perpetuity for the benefit of local people.
- Assets under construction: historical cost

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations

are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- where attributable to the clear consumption of economic benefits, the loss is charged to the relevant service revenue account.
- Otherwise - written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is credited to the Usable Capital Receipts reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for on all assets with a determinable finite life (except for investment properties, land and community assets), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight line allocation over the life of the property as estimated by the valuer, ranging from 14 to 64 years.
- plant and equipment - straight line allocation over the life of the asset ranging from 2 to 10 years.
- infrastructure assets - straight line allocation over a 30 year period
- assets under construction: - not depreciated until they are complete and have been brought into use. They are then depreciated in accordance with whichever category they fall within.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

11. CHARGES TO REVENUE FOR FIXED ASSETS

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service.
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance, or loans fund principal charges). Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

12. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of tangible assets has been charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on General Fund Balance so there is no impact on the level of council tax.

13. LEASES

Finance leases: Leases are defined as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Fixed assets recognised under finance leases are accounted for using the policies applied generally to Tangible Fixed Assets subject depreciation, being charged over the lease term if this is shorter than the asset's estimated useful life. The Council maintains no fixed assets subject to finance leases.

Operating leases: Rentals payable are charged to the relevant service revenue accounts on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

14. FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means that the amount presented

in the Balance Sheet is the outstanding principal repayable plus interest accrued at the Balance Sheet date. The interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Income and Expenditure Account is spread over the life of the loan by an adjustment to the effective interest rate.

15. FINANCIAL ASSETS

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus interest accrued at the Balance Sheet date. The interest credited to the Income and Expenditure Account is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Income and Expenditure Account.

Available-for-Sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Income and Expenditure Account when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market process – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Statement of Total Recognised Gains and Losses (STRGL). The exception is where impairment losses have been incurred – these are debited to the

Income and Expenditure Account, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Any gains and losses that arise on the de recognition of the asset are credited/debited to the Income and Expenditure Account, along with any accumulated gains/losses previously recognised in the STRGL.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

16. STOCKS AND WORK IN PROGRESS

Stocks are included in the balance sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

17. INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures that require the preparation of group accounts. The Council is a member of EMBC-PL, Connexions Lincolnshire & Rutland and East Midlands Single Platform.

18. LANDFILL ALLOWANCE TRADING SCHEME

The Landfill Allowance Trading Scheme commenced on 1 April 2005. Under the scheme the allowances allocated to each Local Authority can be traded in order to ensure each waste disposal authority has enough allowance to cover the amount of biodegradable municipal waste disposed to landfill.

19. ESTIMATION TECHNIQUES

In certain circumstances income or expenditure for the financial year may have been estimated because the actual figures were unavailable at the time the accounts were completed (e.g. awaiting finalisation of a grant claim). Where necessary the following estimation techniques are used:

- Housing Benefit Subsidy - income is calculated using known payments of housing benefit for the year and an average estimated rate of subsidy based on experience in previous years.
- Housing Revenue Account Subsidy - mainly pre-set by reference to the HRA Subsidy Determinations for the financial year.
- Expenditure Accruals - calculated from commitment records based on the estimated value of the goods or services received at the balance sheet date.
- Bad Debt Provisions - calculated for each category of debt, with reference to the age of the outstanding debt.

20. COLLECTION FUND ACCOUNTING POLICIES

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-

Domestic Rates (NNDR). The fund key features relevant to accounting for Council Tax in the core financial statements are:

- In its capacity as a billing authority the council acts as agent; it collects and distributes Council Tax income on behalf of the major preceptors and itself.
- While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.
- Up to 2008/09 the SORP required the Council Tax income included in the Income and Expenditure Account to be that under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority.
- From the year commencing 1 April 2009 the Council Tax income included in the Income and Expenditure Account for the year shall be the accrued income for the year. The difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.
- Since the collection of Council Tax and NNDR Income is in substance an agency arrangement:
- Cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will be therefore a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Taxpayers; and
- Cash collected from NNDR taxpayers by billing authorities (net of the cost of collection allowance) belongs to the Government and the amount not yet paid to the Government at the Balance Sheet date shall be included in the Balance Sheet as a creditor; similarly, if cash paid to the Government exceeds the cash collected from NNDR taxpayers (net of the billing authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

Income & Expenditure Account 2009/10

This account summarises the resources that have been generated, consumed or set aside in providing services and managing the Council during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2008/09		2009/10			Note
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	
	EXPENDITURE ON SERVICES				
269	Central services to the public	2,674	(2,479)	195	
6,113	Cultural, environmental, regulatory & planning services	8,525	(2,621)	5,904	
17	Court services	17	0	17	
4,858	Education and children's services	37,322	(30,656)	6,666	24
5,457	Highways and transport services	5,499	(919)	4,580	
1,280	Local authority housing (HRA)	87,107	(2,859)	84,248	
951	Other housing services	6,557	(5,658)	899	
7,116	Adult social care	10,788	(3,315)	7,473	25
1,391	Corporate and democratic core	2,307	(1,365)	942	
1,613	Non distributed costs	428	(117)	311	
29,065	Net Cost of Services	161,224	(49,989)	111,235	
	EXPENDITURE NOT SPECIFIC TO SERVICES				
513	Parish precepts			512	
1,287	Interest payable and similar charges			1104	
(974)	Interest and investment income			(238)	
321	Impairment of Investment			135	28
341	Pensions interest cost and return on assets			1,124	20b
30,553	Net Operating Expenditure			113,872	
	INCOME				
(830)	Revenue support grant			(1,363)	
(2,118)	Area Based Grant			(2,256)	
(5,963)	Non-domestic rates redistribution			(5,906)	
(20,002)	Demand on the collection fund			(20,727)	
26	Contribution to collection fund deficit/(surplus)			(99)	
(115)	Business growth incentive scheme grant			(34)	
1,551	Deficit for the Year			83,487	

Statement of Movement on the General Fund Balance

The Income and Expenditure Account shows the Council's actual financial performance for the year, measured in terms of the resources generated, consumed or set aside over the last twelve months. However, the Council is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance shows whether the Council has over or under-spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Net Expenditure 2008/09 £000		Net Expenditure 2009/10 £000	Note
1,551	Deficit for the year on the Income and Expenditure Account	83,487	
(1,908)	Net additional amount required by statute and non-statutory proper practices to be (credited) to the General Fund Balance for the year	(84,096)	
(357)	Increase in General Fund Balance for the year	(609)	
(3,082)	General Fund Balance brought forward	(3,439)	
(3,439)	General Fund Balance carried forward	(4,048)	
(1,740)	Of the total General Fund balance, this is the balance attributable to schools, which is ring-fenced, to be spent on the education service.	(1,790)	

Statement of Movement on the General Fund Balance

Note to the Statement of Movement on the General Fund Balance

Net Expenditure 2008/09 £000		Net Expenditure 2009/10 £000	Note
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year		
(14)	Amortisation of intangible fixed assets	(106)	10
(3,751)	Depreciation and impairment of fixed assets	(63,557)	5
2,323	Government Grants Deferred amortisation	2,807	
(1,997)	Write downs of Revenue expenditure funded from capital under statute	(24,064)	5c
(321)	Impairment of financial asset	43	
43	Interest credited to I&E in respect of impaired financial asset	56	
(284)	Transfer from major repairs reserve	(169)	18e
(2,151)	Net charges made for retirement benefits in accordance with FRS 17	(2,343)	20b
(6,152)		(87,333)	
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year		
1,031	Minimum Revenue Provision & Commutation Adjustment	1,122	6
1,987	Employer's contributions payable to the Pension Fund and benefits payable direct to pensioners	2,090	20b
255	Revenue Contribution to Capital	211	5c
3,273		3,423	
	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance for the year		
(65)	Increase/(decrease) in Housing Revenue Account Balance	6	
295	Transfer from Collection Fund Adjustment Account	99	
0	Transfer to UCRR of 2008/09 pre LSVT Transfer Costs	(88)	
741	Net transfer to / (from) earmarked reserves	(203)	19
971		(186)	
(1,908)	Net additional amount required to be credited to the General Fund balance for the year	(84,096)	

Statement of Total Recognised Gains and Losses (STRGL)

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income & Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

2008/09 £000		2009/10 £000
1,551	(Surplus) / deficit for the year on the Income & Expenditure Account	83,487
17,549	(Surplus) / deficit arising on the revaluation of fixed assets	(16,313)
8,200	Actuarial (gain) / losses on pension fund assets and liabilities	17,160
1	Any other (gains) and losses	0
27,301	Total recognised (gains)/losses for the year	84,334
	Total Net Worth	
97,364	As at 1 April	70,063
70,063	As at 31 March	(14,271)
(27,301)	Change in Net Worth	(84,334)

Balance Sheet

The Balance Sheet summarises the financial position of the Council. It shows the value of the Council's assets and liabilities at 31 March.

31-Mar-09 £000		31-Mar-10		Note
		£000	£000	
	Fixed Assets			
115	Intangible Fixed Assets		9	10
	Tangible Fixed Assets			
	Operational Assets			
73,252	Council dwellings	499		
14,439	Other land and buildings	14,423		
773	Vehicles, plant, furniture & equipment	1,258		
25,885	Infrastructure Assets	28,207		
	Non-operational assets			
731	Investment Assets	1,227		
3,194	Assets under construction	17,011		
450	Surplus assets held for disposal	450		
118,839	Total Fixed Assets		63,084	5/7/9
2	Long-term investments		266	
170	Long-term debtors		160	13
119,011	Total Long-term assets		63,510	
	Current Assets			
18	Stock and work in progress	22		
4,345	Debtors	5,855		14
18,972	Investments	19,680		
3,077	Cash at bank	3,817		
26,412			29,374	
	Current Liabilities			
(8,219)	Creditors	(11,399)		15
(1,603)	Cash overdrawn	(3,253)		
(190)	Provisions	(392)		
(10,012)			(15,044)	
16,400	Net Current Assets		14,330	
135,411	Total Assets less Current Liabilities		77,840	
	Long Term Liabilities			
(26,386)	Long-term Borrowing	(21,386)		12
(12,286)	Government grants deferred	(27,301)		
(192)	Capital contributions deferred	(399)		
(10,975)	Government grants unapplied	(9,265)		
(155)	Capital contributions unapplied	(122)		
(15,354)	Liability relating to defined benefit pension scheme	(33,638)		
70,063	Total Assets less Liabilities		(14,271)	
	Financed by			
8,768	Revaluation Reserve	3,610		18a
70,731	Capital Adjustment Account	9,239		18b
849	Usable capital receipts reserve	822		18c
(15,354)	Pension reserve	(33,638)		18d
(278)	Financial Instruments Adjustment Account	(179)		
3,439	General Fund balance	4,048		18f
(34)	Collection Fund Adjustment Account	99		18h
16	Deferred credits - mortgages			18h
114	Housing Revenue Account balance	120		18g
1,812	Earmarked reserves	1,608		19
70,063	Total Equity		(14,271)	

Cash Flow Statement

This statement summarises the inflows and outflows of revenue and capital cash arising from transactions with third parties.

2008/09 £000		2009/10		Note
		£000	£000	
	Revenue Activities			
(3,687)	Net Cash (Inflow)/Outflow from Revenue Activities		(4,896)	21
	Return on Investments & Servicing of Finance			
	Cash Outflows			
1,293	Interest paid	1,104		
	Cash Inflows			
(1,004)	Interest received	(203)		
289	Net Cash (Inflow)/Outflow from Returns on Investment and Servicing of Finance		901	
	Capital Activities			
	Cash Outflows			
5,411	Purchase of fixed assets	18,311		
1,997	Other capital cash payments	24,064		
7,408		42,375		
	Cash Inflows			
0	Sale of fixed assets	(27,173)		
(10,783)	Capital Grants Received	(16,111)		
(172)	Other capital cash receipts	(80)		
(10,955)		(43,364)		
(3,547)	Net Cash (Inflow)/Outflow from Capital Activities		(989)	
(6,945)	Net Cash (Inflow)/Outflow before financing		(4,984)	
	Management of Liquid Resources			
3,976	Movement in short-term investment/loans	894		
(80)	Movement in other liquid resources			
3,896	Net Cash (Inflow)/Outflow from Liquid Resources		894	
	Financing			
	Cash Outflows			
0	Repayments of amounts borrowed	5,000		
	Cash Inflows			
0	New loans raised			
0	Financing Net Cash Flow		5,000	
(3,049)	Net (Increase)/Decrease in cash		910	22

Notes to the Core Financial Statements

1. MEMBERS ALLOWANCES

The total amount of members allowances paid in the year ending 2009/10 was £0.188m (2008/09 £0.187m). Detailed allowances for 2008/09 and 2009/10 are listed below:

2008/09 £000		2009/10 £000
	Expenditure	
94	Basic Allowance	97
15	Chairman/Leader Allowance	15
68	Special Responsibility Allowance	69
10	Travelling Expenses	7
187	Total	188

2. OFFICER REMUNERATION

The Council is required to disclose remuneration details by name of officers whose salary is £150,000 or more. There is also a requirement to provide details by posts for officers whose remuneration is between £50,000 and £149,999 or alternatively to provide a statement of the number of officers whose remuneration falls within certain bandings. In this respect, remuneration includes employer's pension contributions and election fees.

In order to promote openness and transparency, the following table gives details by posts for officers earning less than £150,000. There is no officer whose salary is £150,000 or more.

2009/10					
Post Title	Salary including fees & allces £	Benefits in kind – car allces £	Total excluding pension contrbns £	Pension contribns £	Total including pension contrbns £
Chief Executive	109,185	906	110,091	19,243	129,334
Director of Development	55,500	2,386	57,886	7,608	65,494
Director of Community Services	75,350	906	76,256	12,749	89,005
Director of Adult Social Care, Health & Housing	75,350	906	76,256	12,749	89,005
Director of Children & Young People's Services	75,350	906	76,256	12,749	89,005
Director of Corporate Services	75,350	906	76,256	-	76,256
Asst Director Children & Young People's Services	60,000	906	60,906	10,152	71,058
Asst Director Community Services	60,363	906	61,269	10,213	71,482
Asst Director Adult Social Care, Health & Housing	54,891	906	55,797	9,288	65,085
Head of Strategic Finance	53,711	-	53,711	9,105	62,816
	695,050	9,634	704,684	103,856	808,540

3. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council, it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in note 23.

Members of the Council have direct control over the Council's financial and operating policies. During 2009/10 no significant works and services were made to parties where Members had an interest. Grants and other exchanges were made between the Council and a number of charitable/voluntary social organisations upon which the Council's elected Members served as trustees or similar. In most cases the elected Members had been appointed by the Council to the organisation concerned, to represent the Council's interests and to oversee the use of Council funds. The grants were made with proper consideration of declarations of interest. Details are recorded in the Register of Members' Interests, open to public inspection at Council Offices, Catmose, Oakham, Rutland, LE15 6HP.

Officers of the Council - no material disclosures.

Pension Fund - in 2009/10 the contributions paid to Leicestershire County Council in respect of employer's contributions, added years contributions and lump sum payments for officers was £2.09m (£1.99m 2008/09).

4. EXTERNAL AUDIT FEES

In 2009/10, Rutland County Council incurred the following fees relating to external audit and inspection.

2008/09 £000		2009/10 £000
	Expenditure	
151	Fees Payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	152
22	Fees Payable to the Audit Commission in respect of statutory inspection	17
40	Fees Payable to the Audit Commission for the certification of grant claims and returns	24
0	Fees payable in respect of other services provided by the appointed auditor	0
213	Total	193

5. CAPITAL EXPENDITURE AND FIXED ASSETS

Foundation schools remain vested in the Governing Bodies of the individual Foundation school; therefore in accordance with FRS5 these assets have not been included in the balance sheet. In addition, other schools that are not owned by the authority have not been included in the balance sheet.

Charges to the Income and Expenditure Account are included within the movement in Fixed Assets, however the movement will also include transfers to/from the Revaluation Reserve.

a) Movements on Operational Fixed Assets

	Council dwellings	Other land and buildings	Vehicles, plant & equipment	Infra-structure assets	Total operational assets
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2009	94,644	21,013	1,416	27,380	144,453
Additions	22,361	100	661	3,002	26,124
Disposals	(4,873)	-	-	-	(4,873)
Reclassifications	-	(263)	-	-	(263)
Expenditure not adding value	(22,361)	(100)	-	-	(22,461)
Revaluations	(70384)	575	-	-	(69,809)
At 31 March 2010	19,387	21,325	2,077	30,382	73,171
Depreciation & Impairments					
At 1 April 2009	(21,392)	(6,574)	(645)	(1,495)	(30,106)
Charge for 2009/10	(635)	(349)	(174)	(680)	(1,838)
Disposals	3,139	-	-	-	3,139
Reclassifications	-	21	-	-	21
Revaluations	-	-	-	-	-
At 31 March 2010	(18,888)	(6,902)	(819)	(2,175)	(28,784)
Balance Sheet amount at 31 March 2010	499	14,423	1,258	28,207	44,387
Balance Sheet amount at 31 March 2009	73,252	14,439	773	25,885	114,349

b) Movements on Non - Operational Fixed Assets

	Investment properties	Assets under construction	Surplus assets held for disposal	Total non-operational assets	Total tangible fixed assets
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2009	1,007	3,194	2,893	7,094	151,547
Additions	103	13,968	-	14,071	40,195
Disposals	-	-	-	-	(4,873)
Reclassifications	414	(151)	-	263	0
Expenditure not adding value	-	-	-	-	(22,461)
Revaluations	-	-	-	-	(69,809)
At 31 March 2010	1,524	17,011	2,893	21,427	94,599
Depreciation & Impairments					
At 1 April 2009	(276)	-	(2,443)	(2,719)	(32,825)
Charge for 2009/10	-	-	-	-	(1,838)
Disposals	-	-	-	-	3,139
Reclassifications	(21)	-	-	(21)	-
Revaluations	-	-	-	-	-
At 31 March 2010	(297)	-	(2,443)	(2,740)	(31,524)
Balance Sheet amount at 31 March 2010	1,227	17,011	450	18,687	63,075
Balance Sheet amount at 31 March 2009	731	3,194	450	4,375	118,722

c) Capital Expenditure and Financing

2008/09 £000		2009/10 £000
25,724	<i>Opening Capital Financing Requirement</i>	27,000
	Capital Investment	
3,464	Operational assets	4,242
2,042	Non operational assets	14,070
1,997	Revenue expenditure funded from capital under statute	24,064
7,503		42,376
	Sources of Finance	
(161)	Capital receipts	(21,909)
(4,780)	Government grants & other contributions	(18,028)
(1,286)	Sums set aside from revenue (includes revenue contributions to capital, MRA & MRP)	(1,799)
0	Application of Unused Capital Receipts to Capital Adjustment Account	(4,873)
(6,227)		(46,609)
27,000	<i>Closing Capital Financing Requirement</i>	22,767
	Explanation of movement in the year	
1,276	Increase/(decrease) in the underlying need to borrow	(4,233)

d) Commitments under Capital Contracts

The County Council allocates and controls its available resources for capital expenditure via a rolling five year capital programme. As at 31st March 2010 the expenditure commitments for assets under construction were:

Project	£000
Catmose Campus	13,429
The Little Build	7,257
Better Schools for All	4,586

6. MINIMUM REVENUE PROVISION

The Minimum Revenue Provision for the redemption of debt, as required by the Local Authorities (Capital Financing and Accounting) (Amendment) (England) Regulations 2008 is as follows:

2008/09 £000		2009/10 £000
1,037	General Fund	1,122
(6)	Less: Commutation Adjustment	0
1,031		1,122

7. INFORMATION ON ASSETS HELD

Detailed in the table below is a split of the assets that make up the fixed asset balances in the balance sheet.

2008/09 £000		2009/10 £000
Number		Number
	Operational Assets	
1,242	Council dwellings	0
	Other land and buildings	
4	Corporate Buildings	3
1	Oakham Cemetery Chapel	1
5	Community Schools	5
1	Children's Centre	1
3	Museums	3
4	Libraries	4
10	Car & Coach Parks	10
3	Public Conveniences	4
1	Highways Depots	1
5	Social Services premises	5
	Vehicles, plant, furniture and equipment	
16	Play equipment	16
4	Salt spreader attachments	4
6	Vehicles	6
	Containers at Civic Amenity Sites	
Roads	Infrastructure assets	Roads
	Community assets	
4	Cemetery land	4
4	Plays areas	4
1	Recreation land	1
	Non-operational Assets	
8	Industrial units for let	8
2	Depots	2
2	Land	2
1	Westgate, Oakham (supermarket site)	1
1	Market Place, Uppingham (Income rights)	1

8. OPERATING LEASES

Vehicles, Plant, Furniture and Equipment - the Authority uses cars, a mobile library and equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2009/10 was £0.068m (2008/09 £0.141m). However the amount charged to revenue was £0.076m (2008/09 £0.159m) because of the requirement of the SORP to spread costs evenly for the lease cars over the term of the lease.

Commitments under operating leases - the Authority was committed at 31 March 2010 to making payments of £0.050m under operating leases in 2010/11.

2008/09 £000	Vehicles, plant and equipment	2009/10 £000
19	Leases expiring in 2010/11	18
43	Leases expiring between 2011/12 and 2015/16	31
0	Leases expiring after 2015/16	0

Authority as a lessor - The authority owns some assets that it does not use for its own operational purposes. These assets are let on operating leases generating income of £0.103m in 2009/10 (£0.067m 2008/09).

Authority as a lessor - with regard to the Authority's activity as a lessor, the net value of assets held for use in operating leases was £1.226m (valued at 1.510m and subject to £0.284m impairment to 31 March 2010).

9. VALUATION OF FIXED ASSETS

The freehold and leasehold properties which comprise the Council's property portfolio were valued as at 1 April 2010 by an external independent valuer, Mr Simon Layfield FRICS IRRV, of Wilks Head & Eve. A valuation of 20% of assets was carried out at this date, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors (RICS), and in line with the requirements of Resources Accounting in the Housing Revenue Account.

The valuation of Council dwellings used beacon values to determine the total valuation.

The bases of valuation are set out in the Statement of Accounting Policies.

10. INTANGIBLE FIXED ASSETS

2008/09 £000	Purchased software licences	2009/10 £000
41	Original cost	137
(8)	Amortisations to 1 April 2009	(22)
33	Balance 1 April 2009	115
96	Expenditure in year	0
(14)	Amortisation written off to revenue in year	(106)
115	Balance at 31 March 2010	9

11. ANALYSIS OF NET ASSETS EMPLOYED

As at 31/3/09 £000		As at 31/3/10 £000
(3,290)	General Fund	(14,771)
73,353	Housing Revenue Account	500
70,063		(14,271)

12. LONG TERM BORROWING

As at 31/3/09 £000		As at 31/3/10 £000
	<i>Analysis of loans by type</i>	
26,386	Public Works Loan Board (PWLB) principal outstanding	26,386
0	Repaid in Year	(5,000)
26,386		21,386
	<i>Analysis of PWLB loans by maturity</i>	
0	Between 10 and 15 years	0
0	Between 15 and 20 years	0
26,386	More than 20 years	21,386
26,386		21,386

13. LONG TERM DEBTORS

	Balance at 01/04/09 £000	New Advances £000	Repayments £000	Balance at 31/03/10 £000
Council house mortgages	15	0	15	0
Housing Associations	127	0	1	126
Oakham Town Council	6	0	0	6
Employees Car Loans	22	27	21	28
Total	170	27	37	160

14. DEBTORS

2008/09 £000		2009/10 £000
1,495	Government Departments	2,286
399	Council Tax payers (Council's share – see Accounting Policies)	378
234	Housing tenants	153
2,725	Sundry debtors	3,737
22	Landfill allowance	63
70	Car loans/leasing	58
4,945		6,675
(600)	Bad debt provision (see note 16)	(820)
4,345	Total	5,855

15. CREDITORS

2008/09 £000		2009/10 £000
2,313	Government Departments	1,872
199	Council Tax payers (Council's share – see Accounting Policies)	243
10	Inland Revenue	279
548	Unused devolved capital	1,102
412	Unused Standards Fund	160
77	Other credit balances	266
23	Housing tenants	0
794	Section 106 Agreements	713
3,821	Sundry creditors	6,711
22	Landfill allowance	53
8,219	Total	11,399

16. DETAILS OF MOVEMENT IN THE YEAR FOR EACH CLASS OF PROVISION

	Balance at 01/04/09 £000	Written off £000	Increase in provision £000	Balance at 31/03/10 £000
Provisions for bad debts				
Council Tax payers	(61)	15	(15)	(61)
Housing tenants	(126)	92	(119)	(153)
Other	(413)	48	(241)	(606)
Total	(600)	155	(375)	(820)

17. PROVISIONS

As at 31 March 2010 the Council has made a total provision of £0.21m for costs arising from legal claims against the Council. It is anticipated that these claims will be settled by 31 March 2011.

In addition the Council has provided £0.18m in respect of the balance on the Financial Instruments Adjustment Account that will be transferred into the General Fund by 31 March 2011 (see note 29).

18. SUMMARY OF MOVEMENTS ON RESERVES**a) Revaluation Reserve**

This account stores the gains on revaluation of fixed assets.

2008/09 £000		2009/10 £000
27,017	Balance at 1 April	8,768
(17,543)	Net revaluations	654
(532)	Historic Cost Depreciation Adjustment	(264)
(174)	Correction of prior year Historic Cost Depreciation	0
0	Disposals	(5,548)
(18,249)	Net movement during the year	(5,158)
8,768	Balance at 31 March	3,610

b) Capital Adjustment Account

This account records capital resources set aside to meet past expenditure

2008/09 £000		2009/10 £000
72,305	Balance at 1 April	70,731
0	Removal of schools from the balance sheet	0
0	Disposals	(4,873)
1,168	Financing capital expenditure	27,549
(4,805)	Depreciation, impairment and non-enhancing capital expenditure charged to I&E	(64,298)
(1,997)	Revenue expenditure financed from capital under statute	(24,064)
2,323	Capital grants & contributions deferred written down to I&E	2,807
1,031	Minimum Revenue Provision	1,123
532	Historic Cost Depreciation Adjustment	264
174	Correction of prior year Historic Cost Depreciation	0
(1,574)	Net movement during the year	(61,429)
70,731	Balance at 31 March	9,239

c) Usable Capital Receipts

This stores the proceeds of fixed asset sales, available to meet future capital expenditure

2008/09 £000		2009/10 £000
1,010	Balance at 1 April	849
(161)	Gains/(losses) during the period	4,934
0	Transferred (to)/from other reserves during the period	(4,961)
(161)	Net movement during the year	(27)
849	Balance at 31 March	822

d) Pensions Reserve

Balancing account to allow inclusion of the Pensions Liability in the Balance Sheet

2008/09 £000		2009/10 £000
(6,990)	Balance at 1 April	(15,354)
(8,200)	Gains/(losses) during the period	(18,031)
(164)	Reversal of net changes made in accordance with FRS 17	(253)
(8,364)	Net movement during the year	(8,364)
(15,354)	Balance at 31 March	(33,638)

e) Major Repairs Reserve

Resources available to meet future running costs for council houses

2008/09 £000		2009/10 £000
0	Balance at 1 April	0
1,200	Depreciation – council dwellings	635
(448)	Depreciation adjustment to agree to MRA	(466)
(752)	Transferred (to)/from other reserves during the period	(169)
0	Net movement during the year	0
0	Balance at 31 March	0

f) General Fund

Resources available to meet future running costs for non-housing

2008/09 £000		2009/10 £000
3,082	Balance at 1 April	3,439
357	Gains/(losses) during the period	521
0	Transferred (to)/from other reserves during the period	88
357	Net movement during the year	609
3,439	Balance at 31 March	4,048

g) Housing Revenue Account

Resources available to meet future running costs for council houses and deferred credits in respect of mortgages

2008/09 £000		2009/10 £000
179	Balance at 1 April	114
(65)	Gains/(losses) during the period	6
0	Transferred (to)/from other reserves during the period	0
(65)	Net movement	6
114	Balance at 31 March	120

h) Other reserves

Consisting of the Collection Fund Adjustment Account balance

2008/09 £000		2009/10 £000
(18)	Balance at 1 April	(18)
0	Gains/(losses) during the period	117
0	Net movement during the year	117
(18)	Balance at 31 March	99

19. EARMARKED RESERVES

Reserve	Balance 1 April 2009 £000	Net movement in year £000	Balance 31 March 2010 £000	Purpose of reserve
Invest to Save	1,365	(281)	1,084	Future service developments where investment is required to generate future savings
Planning Delivery Grant	301	108	408	LDF development
Internal Audit	20	0	20	Development of Welland Consortium
Catmose Extension	126	(30)	96	Building improvement programme
Total	1,812	(203)	1,608	

20. RETIREMENT BENEFITS**a) Participation in pensions Schemes**

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that the employees earn their future entitlement.

The authority participates in two pension schemes:

- the Local Government Pension Scheme, administered by Leicestershire County Council - this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. See notes b to e below.
- the Teachers Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Children Schools and Families (DCSF). See note f below.

b) Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement on General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on General Fund Balance during the year:

2008/09 £000			2009/10 £000
	Income and Expenditure Account		
	<i>Net cost of services:</i>		
1,324	Current service cost		1,184
486	Past service costs		0
0	Curtailement and settlements		35
	<i>Net operating expenditure:</i>		
3,234	Interest cost	3,188	
(2,893)	Expected return on assets in the scheme	(2,064)	
			1,124
2,151	Net charge to the Income and Expenditure Account		2,343
	<i>Statement of Movement on the General Fund Balance:</i>		
(164)	Reversal of net charges made for retirement benefits in accordance with FRS17		(253)
1,987	Actual amount charged against the General Fund Balance for pensions during the year		2,090

c) Assets and liabilities in relation to retirement benefits

Reconciliation of the present value of scheme liabilities:

31 March 2009 £000		31 March 2010 £000
46,395	Funded Liabilities as at 1 April	45,998
1,324	Current service cost	1,184
3,234	Interest cost	3,188
748	Contributions by scheme participants	793
(4,607)	Actuarial gains and losses	27,550
0	Curtailements gain and losses	35
(1,582)	Benefits paid	(1,591)
486	Past Service Costs	0
45,998	Funded Liabilities 31 March	77,157

Reconciliation of fair value of scheme assets:

31 March 2009 £000		31 March 2010 £000
39,405	Assets as at 1 April	30,644
2,893	Expected return on assets	2,064
(12,807)	Actuarial gains and losses	9,519
1,987	Employer contributions	2,090
748	Contributions by scheme participants	793
(1,582)	Benefits paid	(1,591)
30,644	Assets as at 31 March	43,519

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets during the year was an increase of £11.597m (Reduction of £9.961m 2008/09).

d) Scheme History

	2004/05*	2005/06	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000	£000	£000
Fair value of assets in the Local Government Pension Scheme	26,730	34,300	38,393	39,405	30,644	43,519
Present value of liabilities	(36,130)	(45,000)	(46,200)	(46,395)	(45,998)	(77,157)
Surplus/(deficit) in the scheme	(9,400)	(10,700)	(7,807)	(6,990)	(15,354)	(33,638)
Experience gains/(losses) on assets	890	4700	493	(2,769)	(12,807)	9,519
Experience gains/(losses) on liabilities	(1,200)	(900)	-	(5,534)	67	(152)

The council has elected not to restate fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS17 (revised).

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £33.638m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2011 is £1.838m.

e) Basis for estimating assets and liabilities

31 March 2009		31 March 2010
	Long term expected rate of return on assets in the scheme:	
7.0%	Equity Investments	7.8%
5.4%	Bonds	5.0%
4.9%	Property	5.8%
4.0%	Cash	4.8%
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
19.6 years	Men	20.8 years
22.5 years	Women	24.1 years
	Longevity at 65 for future pensioners:	
20.7 years	Men	22.3 years
23.6 years	Women	25.7 years
3.1%	Rate of inflation	3.8%
4.6%	Rate of increase in salaries	5.3%
3.1%	Rate of increase in pensions	3.8%
6.9%	Rate for discounting scheme liabilities	5.5%
50%	Take-up of option to convert annual pension into retirement lump sum – Pre 2008 Service	50%
50%	Take-up of option to convert annual pension into retirement lump sum – Post 2008 Service	75%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of total assets held:

31 March 2009		31 March 2010
79%	Equity Investments	78%
9%	Bonds	10%
12%	Property	11%
0%	Cash	1%

f) History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010.

	2004/05*	2005/06	2006/07	2007/08	2008/09	2009/10
	%	%	%	%	%	%
Differences between the expected and actual return on assets	3.33	13.70	1.28	(7.03)	(41.79)	21.87
Experience gains and losses on liabilities	(3.32)	(2.00)	0.00	(11.93)	0.15	(0.20)

g) Teachers Pensions

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions. It provides teachers with defined benefits upon their retirement, and the authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

In 2009/10 Rutland County Council paid £1.42m to Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% of pensionable pay (£1.36m and 14.1% 2008/09). There were no contributions remaining payable at the year-end.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a national fund as the basis for calculating the employers' contribution rate. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability described in note 21.

21. RECONCILIATION OF REVENUE ACTIVITIES NET CASH FLOW TO SURPLUS ON INCOME AND EXPENDITURE ACCOUNT

2008/09 £000		2009/10 £000
	Income and Expenditure (Surplus)/Deficit	
1,551	Income and Expenditure Account	83,487
	Collection Fund:	
(335)	Movement in Surplus/(Deficit)	
71	Reduction of net cash inflow re preceptors	
1,287		83,487
	Less Non-Cash Transactions	
	Amortisation of intangible fixed assets	
	Transfers to major repairs reserve	(169)
2,323	Government grants deferred	2,806
(4,801)	Depreciation & impairment of fixed assets	(63,661)
0	Landfill scheme	0
(321)	Impairment of Losses on Investments	43
0	Write down of deferred charges	0
(194)	Other non cash adjustments	(414)
(2,993)		(61,395)
	Items Classified elsewhere in the Cash Flow Statement	
(1,997)	Revenue Expenditure Funded from Capital Under Statute	(24,064)
(1,287)	Interest paid	(1,104)
974	Interest received	238
(2,310)		(24,930)
	Items Accrued	
2	Increase/(decrease) of stock & WIP	4
327	Increase/(decrease) in debtors and creditors	(2,062)
329		(2,058)
(3,687)	Net Cash Inflow from Revenue Activities	(4,896)

22. RECONCILIATION OF MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT

	Balance 31 March 2009	Balance 31 March 2010	Movement 2009/10
Cash at bank	3,077	3817	740
Cash overdrawn	(1,603)	(3,253)	(1,650)
	1,474	564	(910)
Temporary investments	18,883	19,797	894
Debt due after one year	(26,386)	(21,386)	5,000
	(5,940)	(1,025)	4,984

23. ANALYSIS OF GOVERNMENT GRANTS SHOWN IN THE CASH FLOW STATEMENT

2008/09 £000		2009/10 £000
8,016	Central Services to the Public	6,742
759	Cultural, Environmental and Planning Services	881
26,587	Education Services	39,074
157	Highways, Roads and Transport Services	1,659
650	Housing Services	994
444	Social Services	264
36,613	Total	49,614

24. DEDICATED SCHOOLS GRANT

The council's expenditure on schools is funded primarily by grant monies provided by the former Department for Children Schools and Families, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2008. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each school. The DSG is included within the Income shown in the Income and Expenditure

Details of the deployment of DSG receivable for 2009/10 are as follows:

	Central Expenditure	Individual Schools Budgets	Total 2009/10
	£000	£000	£000
Final DSG for 2009/10	3,005	17,577	20,582
Brought forward from 2008/09	353	0	353
Carry forward to 2010/11 agreed in advance	0	0	0
Agreed budgeted distribution in 2009/10	3,358	17,577	20,935
Actual central expenditure	(3,011)	0	(3,011)
Actual ISB deployed to schools	0	(17,577)	(17,577)
Local Authority contribution for 2009/10	0	0	0
Carry forward to 2010/11	347	0	347

25. POOLED BUDGETS

Under the terms of a Section 31 Agreement (Health Act 1999), the council's social services department has entered into a pooled budget arrangement for the supply of aids for daily living with Leicester City Council, Leicestershire County Council and the Primary Care Trusts (PCTs). Leicester City PCT acts as the host authority. The total income to the pool for 2009/10 was £3.96m of which Rutland County Council contributed £0.07m (£0.06m 2008/09). Total expenditure from the pool was £3.96m.

The department has also entered into a pooled budget arrangement for the learning disability services with Leicestershire County Council and Leicestershire's PCTs. Leicestershire County Council acts as the host authority. The total income to the pool for 2009/10 was £54.85m of which Rutland County Council contributed £2.13m (£2.10m 2008/09). Total expenditure from the pool was £54.85m.

26. EDUCATION TRUST FUND (excluded from the balance sheet)

The council is the trustee for the Emma Molesworth Trust, from which grants are made to support Rutland residents undertaking agricultural training courses:

2008/09 £000		2009/10 £000
7	Income	7
(12)	Expenditure	(18)
179	Assets	191
0	Liabilities	0
(32)	Revaluation (Gain)/Loss	23

27. FINANCIAL INSTRUMENTS**Financial Assets and Liabilities**

The borrowings and investments disclosed in the Balance Sheet as at 31 March 2010 are made up of the following categories of financial instruments:

	Long-Term		Current	
	31 March 2009 £000	31 March 2010 £000	31 March 2009 £000	31 March 2010 £000
Financial liabilities (principal amount)	(26,386)	(21,386)	(5,803)	(11,469)
Financial liabilities at amortised cost	(26,635)	(21,572)	(5,803)	(11,469)
Total Borrowings	(26,635)	(21,572)	(5,803)	(11,469)
Loans and receivables (principal amount)	179	398	24,804	26,121
Loans and receivables	179	398	24,830	26,125
Total Investments	179	398	24,830	26,125

Loans and receivables include an investment with the Heritable Bank which is in administration. Details of the impairment of this deposit are shown at Note 28.

The gains and losses recognised in the Income and Expenditure Account and STRGL in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets	
	Liabilities measured at amortised cost	Loans and receivables	Total
	£000s	£000s	£000s
Interest expense	976	0	976
Impairment Losses	0	(43)	(43)
Interest payable and similar charges	976	(43)	933
Interest income	N/A	(238)	(238)
Interest and investment income		(238)	(238)
Net gain/(loss) for the year	976	(281)	

Impairment losses relate to an investment with the Heritable Bank, details are shown at Note 28.

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2010		31 March 2009	
£000s	Carrying amount	Fair value	Carrying amount	Fair value
PWLB debt	21,386	23,770	26,386	29,713
Non-PWLB debt	3,253	3,253	1,603	1,603
Total debt	24,639	27,023	27,989	31,316

£000s	31 March 2010		31 March 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade creditors	7,503	7,503	4,200	4,200
Total Financial liabilities	32,142	34,526	32,189	35,516
The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date				
Money market loans < 1 yr	20,118	19,840	19,224	18,903
Trade debtors	2,259	1,654	2,706	2,293
Total Loans and receivables	22,377	21,494	21,930	21,196

Money market loans include an investment with the Heritable Bank, details of this deposit are shown at Note 28.

Trade debtors and creditors only include amounts due to or from the Council in respect of the provision or purchase of goods and services (the sundry balances in notes 14 and 15). Debtors and creditors relating to government grants for e.g. are excluded.

The differences are attributable to fixed interest instruments payable being held by the authority whose interest rate is higher than the prevailing rate estimated to be available at 31 March. This increases the fair value of financial liabilities and raises the value of loans and receivables.

For the bond holding the differences are attributable to fixed interest loans receivable being held by the authority whose interest rate is lower than the prevailing rate estimated to be available at 31 March.

This depresses the fair value of financial liabilities and raises the value of loans and receivables.

The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWL) redemption rules and prevailing PWLB redemption rates as at each balance sheet date, and include accrued interest. The fair value for non-PWLB debt has also been calculated using the same procedures and interest rates and this provides a sound approximation for fair value for these instruments

The fair value for loans and receivables has been determined by reference to the Public Works Loans Board (PWL) redemption rules which provide a good approximation for the fair value of a financial instrument, and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined on the previous page.

The following analysis summarises the Authority's potential maximum exposure to credit risk. The table composite defaults from Fitches, Standard & Poors and Moody's) gives details of global corporate finance average cumulative default rates (including financial organisations) for the period since at least 1990 to 2009. Defaults shown are by long term rating category on investments out to one year, which were the most commonly held investments during the year. The maximum period of the Council's investments is currently three months.

	Amount at 31 March 2010	Historical experience of default	Adjustment for market conditions at 31 March 2010	Estimated maximum exposure to default
	£000	%	%	£000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions:				
AAA rated counterparties	4,467	0.00	0.00	0
AA rated counterparties	4,000	0.03	0.03	1.2
A rated counterparties	1,000	0.08	0.08	0.8
Other counterparties	10,650	42.67	42.67	4,544
Trade debtors	2,208	0.00	0.00	0

No breaches of the Council's counterparty criteria occurred during the reporting period. The Council has a £1m deposit with Heritable Bank which was placed in administration. Details of this investment and the accounting treatment are shown at note 28.

The Council does not generally allow credit for its trade debtors, such that £0.97m of the £2.21m balance is past its due date for payment. The past due amount can be analysed by age as follows:

Period	£000
Less than three months	1,381
More than three months	827
	2,208

Collateral – During the reporting period the council held no collateral as security.

Liquidity risk

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of long term financial liabilities is as follows:

Period	£000
Less than one year	0
Between one and two years	0
Between two and seven years	0
Between seven and 15 years	0
More than fifteen years	21,386

The maturity analysis of long term financial assets is as follows:

Period	£000
Less than one year	208
Between one and two years	61
Between two and three years	23
More than three years	134

All trade and other payables are due to be paid in less than one year and trade debtors of £2.21m are not shown in the table above.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Income and Expenditure Account or STRGL. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and effect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments will be reflected in the STRGL, unless the investments have been designated as Fair Value through the Income and Expenditure Account. The Council has no financial instruments in these classifications.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs.

If all interest rates had been 1% higher with all other variables held constant) the financial effect would be:

Effect	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(174)
Impact on Income and Expenditure Account	(174)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Council, excluding the pension fund, does not invest in equity shares.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates

28. IMPAIRMENT OF INVESTMENT

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority deposited £1m with Heritable Bank on 15 July 2008 at an interest rate of 6.09%, which should have matured on 15 January 2009.

Investments included in current assets on the Balance Sheet at 31 March include an investment with Heritable Bank that has been impaired because of the financial difficulties being experienced by Icelandic Banks. Heritable Bank is a UK registered bank under Scots law. The company was placed in administration on 7 October 2008.

Amount Outstanding 31/3/09 £000	Carrying Amount 31/3/09 £000	Impairment 31/3/09 £000	Amount Outstanding 31/3/2010 £000	Carrying Amount 31/3/10 £000	Impairment 31/3/10 £000
1,000	722	321	745	467	278

The Council has received 3 dividend payments during 2009/10:

July 2009 - 16%

December 2009 - 13%

March 2010 - 6%

The latest creditor progress report issued by the administrators Ernst and Young was in January 2010. This report noted that current projections suggest a best case return to creditors of 79 to 85 pence in the pound. Therefore in calculating the impairment the Authority has made the following assumptions re timing of recoveries:

	2010	2011	2012
March		5%	5%
June	5%	5%	5%
September	5%	5%	5%
December	5%	5%	

Recoveries are expressed as a percentage of the authority's claim in the administration, which includes interest accrued up to 6 October 2008.

The value of the impairment at 31 March 2010 has decreased compared with last year due to the accelerated payment of dividends, and the increased projected return

Interest credited to the Income and Expenditure Account in respect of the investment is as follows:

Credited 2008/09 £000	Received 2008/09 £000	Credited 2009/10 £000	Received 2009/10 £000
(43)	0	(56)	(0)

29. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

Regulations issued in March 2009 allow the authority not to charge amounts relating to impaired investments to the General Fund. Such amounts are instead transferred to the Financial Instruments Adjustment Account (FIAA), an account that records the timing differences between charging these amounts to the General Fund in accordance with proper practice and in accordance with the regulations. Rutland County Council has taken advantage of the regulations and has transferred a total of £0.179m to the FIAA. This represents the impairment of £0.278m on the principal investment with Heritable Bank, less the total interest of £0.099m accrued on the investment to 31st March 2010.

Under the regulations, the authority must transfer the balance on the FIAA to the General Fund no later than 31 March 2011, and must also credit the FIAA with interest earned until such time as the balance has been transferred to the General Fund.

In recognition that the balance on the FIAA must be transferred into the General Fund during 2010/11, and in accordance with FRS12, a provision of £0.178m has been made at 31 March 2010. See note 17.

Housing Revenue Income & Expenditure Account 2009/10

The Housing Revenue Account (HRA) summarises the transactions relating to the provision and maintenance of Council houses and flats. The account has to be self-financing and there is a legal prohibition on cross subsidy to or from local taxpayers.

2008/09		2009/10	Note
£000		£000	
	INCOME		
(3,837)	Dwelling rents (gross)	(2,552)	
(121)	Non dwelling rents (gross)	(66)	
(273)	Charges for services and facilities	(187)	
(4,231)	Total Income	(2,805)	
	EXPENDITURE		
1,308	Repairs and maintenance	801	
901	Supervision and management	587	
14	Rents, rates, taxes and other charges	12	
1,355	Negative HRA subsidy payable	867	5
1,965	Depreciation and impairment of fixed assets	84,720	1
15	Increased provision for bad/doubtful debts	120	
5,558	Total Expenditure	87,107	
1,327	Net Expenditure	84,302	
10	HRA Share of Corporate and Democratic Core	6	
1,337	Net Cost of HRA Services	84,308	
(59)	HRA Interest and investment income	(60)	
1,278	Deficit for the year	84,248	

STATEMENT OF MOVEMENT ON THE HRA BALANCE

2008/09		2009/10	Note
£000		£000	
1,278	Deficit for year on HRA I&E	84,248	
	Items not included in the HRA I&E account but included in the movement on HRA balance for the year		
(765)	Impairment of Fixed Assets	(84,085)	1
(448)	Transfer to/(from) Major Repairs Reserve	(169)	3
65	(Increase) or decrease in HRA Balance	(6)	
(179)	Balance on HRA brought forward	(114)	
(114)	Balance on HRA carried forward	(120)	

Notes to the Housing Revenue Account

1 HOUSING STOCK

- a) During 2009/10 the entire housing stock was transferred by means of a Large Scale Voluntary Transfer to Spire Homes:

	Stock at 01/04/2009	Sold under LSVT	Stock at 31/03/2010
Bungalows	269	269	0
Flats	406	406	0
Houses	567	567	0
Totals	1,242	1,242	0

- b) The balance sheet value of HRA fixed assets is as follows:

Operational Assets

	Land £000	Houses £000	Other Property £000	Total £000
Value as at 1st April 2009	186	71,671	1,395	73,252
Additions		479		479
Disposals	(726)	(4,072)	(75)	(4,873)
Revaluations	(10,025)	(56,228)	(992)	(67,245)
Depreciation		(620)	(15)	(635)
Impairment		(479)		(479)
Value as at 31 March 2010	(10,565)	10,751	313	499

The value of the assets is required to be written down to the net realisable value at the point of disposal which led to a significant downward revaluation in year. The revaluation and impairment figure on the HRA does not include any values that have been transferred from the Revaluation Reserve.

2 VACANT POSSESSION VALUE OF DWELLINGS

Following the transfer of the Housing Stock in November 2009 the Council no longer owns any dwellings and therefore there are no disclosures to be made under this note.

Notes to the Housing Revenue Account

3 MAJOR REPAIRS RESERVE

Authorities are required to maintain a Major Repairs Reserve (MRR). The MRR has two functions, the first is to act as a credit entry for the cost of depreciation on Council dwellings. The second is to hold unused balances of Major Repairs Allowance (MRA), which can be used in future years. The MRA is a grant paid through the Housing Subsidy mechanism which can only be used to finance capital expenditure and represents the estimated annual cost of maintaining an Authority's stock at its existing level. Council dwelling depreciation is higher than MRA, therefore an adjustment is required to ensure there is no bottom line impact on the HRA. The transactions on the MRR are detailed below:

2008/09 £000		2009/10 £000
0	Balance at 1 April	0
1,200	Depreciation - council dwellings	635
(448)	Depreciation adjustment to agree to MRA	(169)
(752)	Amount used to finance capital expenditure on council dwellings	(466)
0	Balance at 31 March	0

4 CAPITAL EXPENDITURE, FINANCING AND RECEIPTS

a) A summary of Housing Revenue Account capital expenditure and how it was financed in 2009/10 is shown below:

2008/09 £000		2009/10 £000
994	Dwellings	479
994	Total Expenditure	479
	Financing	
752	Major Repairs Reserve	466
0	Contributions	13
242	Supported Borrowing	0
994	Total Financing	479

b) Housing capital receipts in 2009/10 were as follows:

2008/09 £000		2009/10 £000
0	Dwelling sales	4,147
0	Land sales	726
0	Total	4,873
0	Payment to national pool	0
0	Net receipts available for use	4,873

Notes to the Housing Revenue Account

5 HOUSING SUBSIDY

The Government operates a "subsidy system" in relation to the Housing Revenue Account. It is based upon a notional account representing the Government's assessment of what the Council should be collecting and spending. Details of the subsidy calculation for 2009/10 are shown below:

2008/09 £000		2009/10 £000
5	Prior Year Adjustment	1
1,663	Management and Maintenance Allowance	1,045
752	Major Repairs Allowance	466
90	Charges for Capital	38
0	Other Allowances	0
2,510		1,550
(3,864)	Notional Rent	(2,416)
(1)	Interest on Receipts	(1)
(1,355)	Total Amount Due / (Paid) to Government	(867)

6 RENT ARREARS

Rent arrears less rents paid in advance at 31 March 2010 were as follows:

2008/09 £000		2009/10 £000
234	Gross Rent Arrears	180
(24)	Prepayments of Rent	(27)
210	Net Rent Arrears	153
(126)	Provision for bad and doubtful debts	(153)

Collection Fund 2009/10

The Collection Fund account reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

2008/09 £000		2009/10 £000	Note
(21,456)	Council Tax (net of benefits, discounts and transitional relief)	(22,275)	2
	Transfers from General Fund		
(1,552)	- Council Tax benefits	(1,745)	
(8,009)	Income collectable from business ratepayers	(9,347)	1
	Contributions		
(365)	- Towards previous years Collection Fund deficit	0	4
(31,382)		(33,367)	
	EXPENDITURE		
	Council Tax		
23,014	Precepts and demands	23,852	3
	Business Rates		
7,956	- Payments to National Pool	9,273	1
53	- Cost of Collection	53	1
	Provision for bad and doubtful debts		
24	- Write-offs	30	
	- Provision	6	
31,047		33,214	
(335)	(Surplus)/Deficit in the year	(153)	
374	Fund Balance b/f - deficit	39	
39	Fund Balance c/f - (surplus)/deficit	(114)	5

Notes to the Collection Fund

1 NATIONAL NON DOMESTIC RATES (NNDR)

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate in the pound. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government. This is redistributed to local authorities through the formula grant system.

The total non-domestic rateable value as at 31 March 2010 was £22,352m the equivalent figure for 31 March 2009 was £21,766m

The National Domestic Rate multiplier for 2009/10 was 48.90p, the equivalent figure for 2008/09 was 46.60p. The small business multiplier for 2009/10 was 48.10p, the equivalent figure for 2008/09 being 45.80p.

2 COUNCIL TAX

The Council's tax base, ie. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2009/10 and 2008/09 is calculated as follows:

2008/09 Band D Equivalents	Band	Estimated number of taxable properties after effect of discounts	Ratio	2009/10 Band D Equivalents
2	A(-)	4	5/9	2
820	A	1,233	6/9	822
2,370	B	3,116	7/9	2,424
2,174	C	2,467	8/9	2,193
1,995	D	2,007	9/9	2,007
2,488	E	2,000	11/9	2,444
2,022	F	1,421	13/9	2,053
1,880	G	1,128	15/9	1,880
234	H	117	18/9	234
13,985				14,059
481	Ministry of Defence			481
(140)	Non-Collection Provision			(140)
14,326	Council Tax Base			14,400

Notes to the Collection Fund

3 PRECEPTS AND DEMANDS

Leicestershire Police Authority and Leicester, Leicestershire & Rutland Fire Authority issue precepts

2008/09 £000		2009/10 £000
20,002	Rutland County Council demand	20,727
2,298	Leicestershire Police Authority	2,379
714	Leicester, Leicestershire & Rutland Fire Authority	746
23,014	Total Surplus	23,852

4 COLLECTION FUND DEFICIT

The precepts detailed at note 3 are shown net of the previous years' deficits. The Council estimates the year-end Collection Fund balance in January each year. The estimated balance is distributed in the following financial year between Rutland County Council and Leicestershire Police and Fire Authorities in proportion to the value of the respective precepts and demands made by the authorities on the Collection Fund. It was estimated that there would be a nil balance on the fund at 31/03/10.

2008/09 £000		2009/10 £000
	Contribution to deficit	
(321)	Rutland County Council demand	0
(33)	Leicestershire Police Authority	0
(11)	Leicester, Leicestershire & Rutland Fire Authority	0
(365)	Total Contribution	0

Notes to the Collection Fund

5 COLLECTION FUND BALANCE

Under SORP 2009 the Council Tax arrears and prepayments, the provision for bad debts and the Collection Fund balance are required to be shared between the Council, the Police Authority and the Fire Authority. The Council's share of the fund balance is shown as the Collection Fund Adjustment Account in the Balance Sheet and the shares attributed to the preceptors are shown as creditors/debtors dependent on whether there is a net indebtedness from or to the Council.

2008/09 £000		2009/10 £000
	Payments of (surplus)/ Recovery of deficit	
34	Rutland County Council	(99)
4	Leicestershire Police Authority	(11)
1	Leicester, Leicestershire & Rutland Fire Authority	(4)
39	Total Deficit/(Surplus)	(114)

Statement of Responsibilities for the Statement of Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts

The Statement of Accounts was received and approved by the Audit and Risk Committee on 29th June 2010.

29th June 2010

Cllr P Ind
Chairman of Audit and Risk Committee

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Director of Corporate Services is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice).

In preparing this Statement of Accounts, the Director of Corporate Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent; and
- complied with the Code of Practice

The Director of Corporate Services has also:

- kept proper accounting records, which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

CERTIFICATE OF THE CHIEF FINANCE OFFICER

I certify that the Statement of Accounts on pages 1 to 58 presents fairly the financial position of the Council at 31st March 2009 and its income and expenditure for the year ended 31st March 2010.

29th June 2010

M Baish
Director of Corporate Services



ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

Rutland County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Rutland County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility, Rutland County Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.

The elements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* are embedded throughout the Council's constitution and other strategies. This statement explains how the Rutland County Council has complied with the framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Rutland County Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Rutland County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Rutland County Council for the year ended up to 31 March 2010 and up to the date of approval of the statement of accounts.

3. The Governance Environment

A clear statement of the Council's purpose and vision is set out in its Sustainable Community Strategy. The Council's strategic aims, which are reviewed and refreshed by Cabinet and Council annually, provide a clear set of priorities against which the Council can allocate resources and are supported by clear accountability for delivery.

The Council has a performance management framework through which quality of service and use of resources is measured. Financial and non-financial performance is monitored by departmental management teams and Strategic Management Board monthly and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis. Progress against the strategic aims is measured in milestones and this is included in quarterly monitoring reports. The performance management framework flows through the authority, down to an individual employee level. Each employee has an annual performance appraisal, part of this process being to identify development needs.

Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution. Delegation arrangements were renewed at every meeting of the Full Council in 2009/10 and following changes to the Constitution were renewed for 2010/11 at the annual council meeting in May 2010. The Constitution defines the roles and responsibilities of the Council, Cabinet and Scrutiny Panels and provides for extensive delegation to officers provided these are in accordance with Financial Regulations, Contract Procedure Rules and other policies and procedures.

The behaviour of elected Members is regulated through a Code of Conduct, which all Members sign up to upon election to the Council. This is a national code, approved by Parliament and was revised in 2007. The Council adopted the revised code and training is provided to Members periodically to ensure that they are fully aware of their responsibilities. Employees are also subject to a Code of Conduct and a number of specific policies (such as Harassment, Discrimination & Bullying) set out in the Corporate Induction Portfolio. All new members of staff receive one to one induction training with their line manager and attend an induction training session.

An Audit and Risk Committee was established during 2009/10 which undertakes the core functions of an audit committee, in accordance with CIPFA's *Audit Committees – Practical Guidance for Local Authorities* and this is set out in the committee's terms of reference. These terms of reference were strengthened at the Annual Council meeting in May 2010 to include the authority to act as those charged with governance on behalf of the Council.

The Director of Corporate Services is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972. The Head of Legal & Democratic Services is designated as the Council's Monitoring Officer under the Local Government Act 2000. All reports to a decision making body must be considered by the Director of Corporate Services and the Head of Legal & Democratic Services before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

The Council has arrangements in place for receiving allegations of fraud or misconduct, through its whistle-blowing policy. All members of staff are made aware of this policy through the induction programme and it is publicised through the staff bulletin and intranet. The Council recognises the importance of customer complaints and welcomes complaints as a valuable form of feedback about its services. There is a formal complaints procedure and the Council is committed to using the information it receives to help drive forward improvements.

Risk Management is embedded in the Council through the Risk Management Strategy. The Council maintains a Strategic Risk Register, linking risks to strategic aims and assigning ownership to each risk and the Deputy Leader, Cllr King, is the lead member for risk management. The Strategic Management Board is responsible for maintaining an up-to-date register of strategic risks and monitoring the actions taken to mitigate these. Risk Management is included in the quarterly performance monitoring arrangements.

The Council has established channels of communication with different sections of the community through groups such as the Youth Council and business community representatives. The Council has also established a Citizen Panel that will be utilized in

any future major consultation exercises. The Communications Officer has fostered a good working relationship with the local press and works closely with them to communicate with the community.

The Council uses a variety of methods to provide its services, and is part of many successful partnerships including a pooled budget with the PCT for Adult Social Care service and the Children and Young People's strategic partnership. Along with other Welland Authorities, the Council has a shared Internal Audit Service and Joint Procurement Unit.

4. Review of Effectiveness

Rutland County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of its effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also comments made by the external auditors and other review agencies and inspectorates.

The Cabinet reviewed and refreshed the Council's Strategic Aims which were endorsed by Council in August 2009. It has also received and formally debated the Annual Audit and Inspection Letter and External Audit Annual Plan.

Cabinet takes the lead role in improving the performance management framework and maintaining comprehensive quarterly reporting that includes financial performance, progress against non-financial targets and milestones, and risk management.

Audit and Risk Committee reviews the Risk Management Strategy and Strategic Risk Register twice each year and fulfils the role of an Audit Committee in accordance with CIPFA guidance. During 2009/10 the Scrutiny panels have considered a number of issues of particular concern, such as the Lord Laming report on child protection, post 16 education, the community hospital review, and off-street car parking, to satisfy themselves that there are robust governance arrangements in place.

The Standards Committee received 21 complaints of alleged breaches of the Code of Conduct for Members during 2009/10. Of these four were from members of the public and related to County Council members. After investigation by Standards for England two cases found failure to comply with the Code but with no action recommended.

Cabinet has reviewed and approved the corporate capital strategy and Asset Management Plan. Capital monitoring arrangements continue to be improved to secure control over capital expenditure and embed reporting into the quarterly performance monitoring arrangements.

The responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Director of Corporate Services. The Internal Audit Service operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources. Members receive an annual report of internal audit activity and approve the audit plan for the forthcoming year.

For the year 2009/10 the Head of Internal Audit has concluded that the Council's overall internal control arrangements provide a Sound Level of Assurance.

5. Significant Governance Issues

The Council is satisfied that the governance framework provides a reasonable assurance of effectiveness. There are a small number of specific service issues that are will be subject to close monitoring until the Council is able to assure itself that the actions proposed to deal with them have been successfully concluded, however none of these is of strategic or corporate significance.

Signed: _____

Helen Briggs
Chief Executive

Date _____

Signed: _____

Roger Begy
Leader of the Council

Date _____

Glossary

Accrual	A sum included in the final accounts attributable to that accounting period but for which payment has yet to be made or income received.
Actuarial Gains & Losses	For a defined benefit pension scheme the changes in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation or the actuarial assumptions have changed.
Agency	The provision of services by one body (the Agent) on behalf of, and generally reimbursed by, another.
Area Based Grant (ABG)	This grant, introduced in 2008/09, replaced many specific grants and allows the Council the flexibility to spend money on priority areas.
Asset	An item having a value in monetary terms.
Audit	An independent examination of the Council's activities, either by Internal Audit or the External Auditor appointed by the Audit Commission.
Balance Sheet	A statement of the Council's assets, liabilities and reserves.
Balances	The general reserves of the Council made up of the accumulated surplus of income over expenditure.
Budget	The forecast of expenditure and income for all of the Council's services.
Capital expenditure	Expenditure on the acquisition or creation of a fixed asset, or expenditure on the enhancement of an existing fixed asset which adds to and not merely maintains its value.
Capital financing	The raising of money to pay for capital expenditure through borrowing, leasing, financing from revenue, capital receipts, capital grants, capital contributions and revenue reserves.
Capital programme	The capital schemes the Council intends to carry out over a specific time period.
Capital Receipts	Income from the disposal of fixed assets. Such income may only be used to repay loan debt or to finance new capital expenditure.
Cash flow statement	A statement summarising the inflows and outflows of cash arising from transactions between the Council and third parties.
Collection Fund	The fund administered by the Council to collect council tax and non-domestic rates. The Police Authority, the Fire and Rescue Authority and the town and parish councils precept on the Collection Fund to finance their net expenditure.
Community Assets	Assets that the authority is likely to keep in perpetuity for the benefit of local people, e.g. parks, reclaimed land.

Corporate and democratic core	The corporate and democratic core comprises all activities which Local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.
Council tax	A charge on each residential property to finance a proportion of the Council's expenditure.
Creditors	Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.
Current assets	Assets which can be expected to be consumed or realised during the next accounting period, e.g. debtors and stocks.
Current liabilities	Amounts which will become payable or could be called in within the next accounting period e.g. creditors.
Current service cost	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
Curtailment	For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.
Debt outstanding	Amounts borrowed to finance capital expenditure which are still to be repaid.
Debtors	Amounts due to the Council for works done, goods received or services rendered that are unpaid at the end of the financial year.
Dedicated Schools Grant	The ring-fenced specific grant paid to local authorities by the DCSF in support of the Schools Budget. The money has either to be delegated to schools or used for centrally managed provision for pupils. It cannot be spent on other services.
Deferred Capital Receipts	Amounts due to the Council from the sale of fixed assets which are not receivable immediately on sale.
Revenue expenditure funded from capital under statute	A type of capital expenditure which does not give rise to tangible assets in which the Council has an interest. Examples are renovation grants and capital grants to other organisations.
Defined benefit scheme	A pension or other retirement benefit scheme in which the rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Defined contribution scheme	A pension or other retirement benefit scheme in which the benefits are related to the contributions payable.
Depreciation	The measure of the amount of a fixed asset that has been used up during the period, whether arising from use, passage of time or obsolescence.
Discretionary benefits	Retirement benefits which the Council has no legal, contractual or constructive obligation to award and are awarded under discretionary powers.

District Auditor	A person appointed by the Audit Commission to provide an independent examination of the Council's accounts.
Emoluments	All taxable sums paid to or receivable by an employee and sums due by way of expenses, allowances and the money value of any other benefits received other than in cash.
Expected rate of return on assets	For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value, but net of scheme expenses, expected over the remaining life of the actual assets held by the scheme.
Finance lease	A Finance Lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.
Fixed asset	Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
General Fund	The main revenue account of the Council, which summarises the cost of all services provided which are paid for from Government grants, non-domestic rates contributions, council tax and other income.
Going concern	The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.
Housing advances	Loans made by the Council to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings.
Housing benefits	A system of financial assistance to individuals towards certain housing costs administered by the Council and met from Government subsidy.
Housing Revenue Account (HRA)	A ring-fenced account within the General Fund which includes the expenditure and income relating to the provision of housing accommodation by the Authority.
Impairment	A reduction in the value of a fixed asset below its carrying amount on the balance sheet.
Income	Amounts which the Council receives or expects to receive from any source, including fees, charges, sales and grants.
Infrastructure Assets	Fixed assets, such as highways, where expenditure is only recoverable by continued use of the asset created.
Interest cost (pensions)	For a defined benefit scheme the expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.
Investment properties	Land and buildings which are held for their investment potential or rental income.

Liability	A liability is where the Council owes payment to an individual or another organisation. Liabilities are defined as current or long-term. A current liability will be discharged or cease to have value within the next financial year e.g. creditors. A long-term liability will have a period of more than 12 months before maturity.
Long Term Borrowing	Loans raised to finance capital spending which are not due for repayment within the next 12 months.
Materiality	The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statement.
Minimum revenue provision	The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.
Non-domestic rates	A tax on non-residential premises set annually by Government. Rates are collected and paid into a central pool and the proceeds are redistributed by the Government between local authorities based on population.
Net book value	The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Net current replacement cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use.
Net debt	The Council's borrowings less cash and liquid resources.
Net realisable value	The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.
Non-distributed costs	These are overheads for which no individual user receives direct benefits and are not therefore apportioned to services.
Non-Operational Assets	Assets held by the Council but not directly used for the provision of services, e.g. assets surplus to requirements, investment properties, assets under construction.
Operating lease	A lease where the ownership of the asset remains with the Lessor.
Operational Assets	Fixed assets held and occupied, used or consumed by the Council in the direct delivery of its services.
Past service costs	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.
Precepts	The income which the local Town and Parish Councils, the Police Authority and the Fire and Rescue Authority requires from the levying of Council Tax.
Prior period adjustments	Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Projected unit method	An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.
Provision	An amount set aside for liabilities or losses which are certain or very likely to be incurred but uncertain as to the amount or date when it will arise.
Prudence	The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.
Public Works Loans Board (PWLB)	A Government agency from which local authorities may raise long term loans, usually at advantageous interest rates.
Rateable value	The annual assumed rental of a non-residential property which is used as the basis for charging non-domestic rates.
Revenue Support Grant (RSG)	Grant paid by the Government in respect of general local authority expenditure.
Revaluation Reserve	This reserve represents the balance of surpluses or deficits arising on the periodic revaluation of fixed assets.
Reserves	The accumulation of surpluses over past years that are available and can be spent or earmarked at the discretion of the Council.
Revenue expenditure	Expenditure that the Council incurs on the day to day running costs of its services including salaries and wages, running expenses of premises and vehicles.
Right To Buy	Gives eligible Council tenants the right to buy their property from the Council at a discount, subject to certain criteria.
Settlement	An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement.
Specific Grants	Grants paid by the Government for a particular service e.g. schools, housing.
Stocks	The amount of unused or unconsumed stocks held in expectation of future use.
Support services	The costs of departments which provide professional and administrative assistance to services.
Tangible fixed assets	Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.
Temporary borrowing/investment	Money borrowed or invested for an initial period of less than one year.
Total cost	The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. It includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation.

Trust Funds	Funds administered by the Council for such purposes as charities, prizes and specific projects.
Usable Capital Receipts Reserve	These are capital receipts which are available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.
Useful life	The period over which the Council will derive benefits from the use of a fixed asset.
Work in progress	The value of work done on an uncompleted project at the balance sheet date.